RE: CIGARETTE CO-EXIST PROGRAM

TO:

Tom Mann

CC:

Mike Coppola

Mike Donoghue

FROM:

Dick Moscati

WF Proposed PM & RJR Co-Exist

P.M.

We will not have any contract with them for fixture payments unless we:

- 1. Allocate space to P.M. on the self-service display as follows two Martboro facings for every one RJR facing: (We can do this, RJR has to agree.)
- 2. Provide an opportunity for Mariboro to establish consumer share of mind through permanent instore signage. (P.M. needs to be specific about this we presently have one on the pack rack.)
- 3. Feature one Mariboro promotion per quarter through exterior advertising. (We can do this.)
- 4. Feature Merit, Parliament and Benson & Hedges exclusively on the package fixture pack topper once per quarter for a two week period. (We can do this.)
- Agree to a planogram for the permanent self-service space allocated to P.M. and R.J.R. for each store. (We can do this.)

This would be a Level 2 agreement.

I understand with R.J.R. we need the following:

- One R.J.R. self service rack equal to P.M. (P.M. will not go for this, we will not have any contract with P.M.)
- Vertical load on P.M. Pack Rack for Savings (OK).
- 3. R.J.R. share of market on full price = to space on P.M. Pack Rack (OK).
- 4. Need to increase 8%. (We could not project this based on cigarette sales trends).

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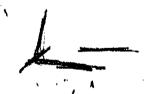
The fixture to accommodate both P.M. and R.J.R. at a 2:1 ratio has to be approved by Wilson Farms. We can't have 2 counter racks with our checkout merchandising. Both companies have to share the cost of a new design and construction for our stores.

P.S. The <u>actual</u> Ahold synergy has a lot of details that we may not be able to do in the Wilson Farms division. I have not study each one but,

SOME EXAMPLES -

- Provide R.J.R. share of available signage equal to R.J.R. share of market.
- Accept new R.J.R. brand styles, as requested.
- Merchandiser(s) will be located adjacent to an active check lane, as approved by an R.J.R. representative.

My suggestion is to add a line, all is not applicable to the Wilson Ferms stores.



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AUCHDE-SE 18:03 FROM:FINAST PR/FL/MI/SF